

Message Text

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DRAFTED BY: XMB:AMOHANIAN

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WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

EB/OFD/RSWART

EUR/NE PGANNEY (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY REYKJAVIK

UNCLAS STATE 175694

E.O. 11652: N/A

TAGS: APUB, IC

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO ICELAND

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$6,075,000 IN FAVOR OF FLUGLEIDIR H.F. OF REYKJAVIK. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR AM PAPERS, WEDNESDAY, JULY 30, 1975.

QUOTE: EXIMBANK CREDIT OF \$6,075,000 SUPPORTS \$13.5 MILLION SALE OF U.S. USED JET AIRCRAFT TO ICELANDIC AIRLINE

TO SUPPORT A \$13.5 MILION SALE OF TWO USED DC-8-63CF JET AIRCRAFT TO FLUGLEIDIR H.F. OF REYKJAVIK, ICELAND, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$6,075,000 ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM UNCLASSIFIED

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J. CASEY. FLUGLEIDIR WAS FOUNDED IN 1973 TO MERGE THE OPERATIONS OF ICELAND'S TWO MAJOR AIRLINES; LOFTLEIDIR-ICELANDIC AIRLINES AND FLUGFELAG ISLANDS H.F.

THE USED AIRCRAFT TO BE PURCHASED FROM SEABOARD WORLD AIRLINES, INC., OF JAMAICA, NEW YORK, HAVE BEEN UNDER LEASE TO FLUGLEIDIER'S SUBSIDIARIES SINCE 1970.

EXIMBANK'S CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. PURCHASE. MANUFACTURERS HANOVER OF NEW YORK CITY WILL PROVIDE A CREDIT OF \$6,075,000 TO COVER ANOTHER 45 PERCENT OF THE U.S. COSTS AND FLUGLEIDIR WILL MAKE CASH PAYMENT OF GQP PERCENT, REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S CREDIT WILL BE AT THE RATE OF 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST FROM PRIVATE SOURCES, BASED ON CURRENT RATES, WILL RESULT IN A BLENDED

ANNUAL INTEREST COST TO FLUGLEIDIR OF 8 PERCENT TO 8.25 PERCENT.

THE LOANS ARE TO BE REPAYED IN 12 SEMIANNUAL INSTALLMENTS BEGINNING JANUARY 10, 1976, WITH EXIMBANK'S LOAN TO BE REPAYED FROM INSTALLMENTS 7 THROUGH 12. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY THE GOVERNMENT OF ICELAND. UNQUOTE KISSINGER

UNCLASSIFIED

<< END OF DOCUMENT >>

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